

## Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 02927 031258Z

63

ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 DODE-00 PA-01

USIA-06 PRS-01 ERDA-05 FPC-01 H-02 INT-05 L-02 NSC-05

PM-03 OES-03 SS-15 FEA-01 /110 W

----- 086934

R 031213Z APR 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8592

INFO ALL EC CAPITALS 502

LIMITED OFFICIAL USE EC BRUSSELS 2927

E.O. 11652: N/A

TAGS: EIND, ETRD

SUBJECT: STEEL-- POSSIBLE EC SAFEGUARD MEASURES UNDER THE EUROPEAN  
COAL AND STEEL TREATY

REF: PARIS 7752

1. SUMMARY: COMMISSION OFFICIALS ARE STUDYING THE SITUATION  
IN THE EUROPEAN STEEL INDUSTRY TO DETERMINE IF THE  
DETERIORATING SITUATION IN THE INDUSTRY REQUIRES EITHER  
INTERNAL SAFEGUARD MEASURES (SETTING MINIMUM PRICES AND  
PRODUCTION QUOTAS) OR EXTERNAL MEASURES (IMPORT QUOTAS).  
AN EC COMMISSION OFFICIAL TOLD US THAT HE DID NOT EXPECT  
THE COMMISSION TO RECOMMEND IMPORT QUOTAS AND ASSURED US  
THAT IF AND WHEN MEASURES CONCERNING EXTERNAL TRADE WERE  
CONSIDERED BY THE COMMISSION THEY WOULD NOT ACT WITHOUT  
EXTENSIVE CONSULTATIONS WITH THE U.S. END SUMMARY.

2. ON APRIL 1 WE ASKED JOHANNES PETRICK, THE EC  
COMMISSION DIRECTOR RESPONSIBLE FOR STEEL, WHAT THE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 02927 031258Z

EC COMMISSION CONTEMPLATED DOING IN RESPONSE TO A DECLARATION

BY JACQUES FERRY, PRESIDENT OF THE FRENCH STEEL PRODUCERS ASSOC., CALLING FOR THE COMMUNITY TO APPLY SAFEGUARD MEASURES UNDER THE ECSC TREATY TO ALLEViate CURRENT DIFFICULTIES IN THE EUROPEAN STEEL INDUSTRY. HE SAID THAT THE COMMISSION HAS ISSUED A PRESS RELEASE SAYING IT HAD TAKEN NOTE OF FERRY'S DECLARATION AND THAT IT WAS STUDYING THE SITUATION CLOSELY TO SEE IF MEASURES WERE NECESSARY UNDER THE ECSC TREATY. THE PRESS RELEASE POINTED OUT THAT CERTAIN INITIATIVES COULD BE TAKEN BY THE COMMISSION UNDER THE ECSC WITHOUT A FORMAL REQUEST BY THE MEMBER STATES.

3. PETRICK SAID THAT HE WOULD BE SPENDING THIS WEEK GATHERING INFORMATION ON THE PRESENT DIFFICULTIES IN THE EUROPEAN STEEL INDUSTRY AND ON APRIL 7 OR 8 WOULD MEET WITH COMMISSIONER SPINELLI TO DISCUSS HIS FINDINGS. HE REMARKED THAT THE PROBLEM FOR THE EUROPEAN STEEL INDUSTRY WAS NOT SO MUCH OF THE DROP IN ORDERS, BUT THE DECLINE IN PRICES AT WHICH THEY HAD TO OFFER THEIR STEEL. IN THIS CONNECTION HE MENTIONED THAT THE JAPANESE HAVE INCREASED THE DOWNWARD PRESSURE ON PRICES BY LOWERING THEIR QUOTATIONS. (ANOTHER EC OFFICIAL WORKING ON STEEL TOLD US THAT THE PROBLEM IS THAT INTEGRATED STEEL MILLS ARE UNECONOMIC AS COMPARED TO ELECTRIC FURNACE MILLS AND ARE IN SERIOUS DIFFICULTY.)

4. PETRICK SAID THAT HE PERSONALLY HOPED THAT NO ACTION WOULD BE NECESSARY BECAUSE THE COMMISSION HAS ALWAYS BEEN RELUCTANT TO INTERVENE AND HAS SUPPORTED A FREE MARKET IN STEEL. REGARDING THE RELEVANT ARTICLES OF THE ECSC TREATY, HE POINTED OUT THAT ALTHOUGH ART. 61 (SETTING OF MAXIMUM AND MINIMUM PRICES) COULD BE APPLIED AND MINIMUM PRICES SET WITHOUT A FINDING OF "MANIFEST CRISIS", TO BE EFFECTIVE ART. 61 WOULD HAVE TO BE ACCOMPANIED BY SETTING PRODUCTION QUOTAS UNDER ART. 58. THE LATTER ARTICLE REQUIRED A "MANIFEST CRISIS" FINDING.  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 02927 031258Z

5. REGARDING THE POSSIBILITY THAT THE COMMISSION MIGHT RECOMMEND THAT THE MEMBER STATES IMPOSE QUANTITATIVE IMPORT RESTRICTIONS (ART. 74), PETRICK SAID HE DID NOT EXPECT EXTERNAL MEASURES TO BE TAKEN. HE DID MENTION, HOWEVER, THAT SELECTIVE CONTROLS MIGHT BE CONSIDERED AGAINST STEEL FROM EASTERN EUROPE. WE TOOK THE OCCASION TO POINT OUT THAT ANY

MEASURES AGAINST IMPORTS OF AMERICAN STEEL WOULD BE MOST INOPPORTUNE. PETRICK REPLIED THAT HE WAS FULLY AWARE OF THE STEEL SITUATION IN THE US AND THAT THE COMMISSION WAS ALWAYS VERY CONCERNED ABOUT HAVING THE BEST RELATIONS WITH THE US. HE OFFERED HIS PERSONAL ASSURANCE THAT IF AND WHEN THE COMMISSION THINKS ABOUT MEASURES CONCERNING EXTERNAL TRADE, THEY WOULD DO NOTHING THAT COULD AFFECT US INTERESTS WITHOUT VERY EXTENSIVE CONSULTATIONS WITH THE US.

6. PETRICK REMARKED THAT EVEN IF THE EVIDENCE SUGGESTED THAT THE COMMISSION RECOMMEND SAFEGUARD MEASURES, SUCH AS PRODUCTION QUOTAS UNDER ART. 58, HE THOUGHT IT MIGHT BE RELUCTANT TO DO SO BECAUSE OF THE BRITISH REFERENDUM. HE SAID COMMISSION OFFICIALS WOULD ENVISION BRITISH MINISTER OF INDUSTRY WEDGWOOD BENN USING COMMISSION INTERVENTION ON STEEL PRODUCTION AS AN EXAMPLE OF THE ABANDONMENT OF UK SOVEREIGNTY TO BRUSSELS. MYERSON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COAL, STEEL, PRODUCTION DATA, TRADE CONTROLS, PRICES, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ECBRU02927  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750116-0195  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750486/aaaadaqd.tel  
**Line Count:** 134  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 PARIS 7752  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 APR 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STEEL-- POSSIBLE EC SAFEGUARD MEASURES UNDER THE EUROPEAN COAL AND STEEL TREATY  
**TAGS:** EIND, ETRD, US, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006